

Maplewood, Minnesota

Draft Tax Increment Financing Plan

for

Tax Increment Financing (Redevelopment) District No. 1-12

Within Development District No. 1

(3M Research and Development Project)

Dated: June 20, 2013

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Section A Definitions

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"City" means the City of Maplewood, Minnesota; also referred to as a "Municipality".

"City Council" means the City Council of the City; also referred to as the "Governing Body".

"County" means Ramsey County, Minnesota.

"Development District" means Development District No. 1 in the City, which is described in the corresponding Development Program.

"Development District Area" means the geographic area of the Development District.

"Development Program" means the Development Program for the Development District.

"Project Area" means the 3M Renovation and Retention Project Area consisting of parcel 36.29.22.24.0002.

"School District" means Independent School District No. 622, Minnesota.

"Special Law" means Minnesota Laws, 2013, Chapter 143, Article 9, Section 21.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, as amended, both inclusive.

"TIF District" means Tax Increment Financing (Redevelopment) District No. 1-12.

"TIF Plan" means the tax increment financing plan for the TIF District (this document).

Section B Statutory Authorization

See Section 1.3 of the Development Program for the Development District.

Section C Statement of Need and Public Purpose

See Section 1.4 of the Development Program for the Development District.

Section D Statement of Objectives

See Section 1.5 of the Development Program for the Development District.

Section E 3M Renovation and Retention Project Area

Under the Special Law the City of Maplewood may create one or more tax increment districts within the Project Area.

With the adoption of this TIF District, the City elects to create a new tax increment district on a newly platted parcel comprising a portion of the Project Area.

Section F Designation of Tax Increment Financing District as a

Redevelopment District

As provided by the Special Law the requirements for qualifying redevelopment tax increment districts under Minnesota Statutes, Section 469.174, Subdivision 10, do not apply to the parcel, which is deemed eligible for inclusion in a redevelopment tax increment district.

The proposed TIF District is eligible as a redevelopment district by virtue of being located on a newly platted parcel within the boundaries of the Project Area as defined in Section E.

Under the Special Law the 90 percent rule under Minnesota Statutes, Section 469.176, Subdivision 4j, does not apply to the Project Area.

Section G Duration of the TIF District

Redevelopment districts may remain in existence 25 years from the date of receipt of the first tax increment. The City anticipates that the TIF District will remain in existence the maximum duration allowed by law (projected to be though the year 2040). Modification of this plan (see Section AA) shall not extend these limitations. All tax increments from taxes payable in the year the TIF District is decertified shall be paid to the City. Pursuant to MN Statutes, Section 469.175, Subdivision 1(b), the City elects to delay receipt of first increment until 2015.

Section H Property to be Included in the TIF District

The TIF District is an approximate 28.54-acre area of land located within the Project Area. A map showing the location of the TIF District within the Project Area is shown in Exhibit II. The boundaries and area encompassed by the TIF District are described below:

Parcel Number	Legal Description
36.29.22.24.0002*	**The west 650.00 feet of the Southwest Quarter of the Northwest Quarter and the north 985.00 feet of the east 395.00 feet of the west 1045.00 feet of the Southwest Quarter of the Northwest Quarter all in Section 36, Township 29 North, Range 22 West, Ramsey County, Minnesota.

The area encompassed by the TIF District shall also include all street or utility right-of-ways located upon or adjacent to the property described above.

*The parcel to be located in the TIF District is being replatted. The Parcel Number is representative of the parcel prior to the replatting.

**The legal description provided for the TIF District is representative of the TIF District parcel following the replatting of the property.

Section I Property to be Acquired in the TIF District

The City may acquire and sell any or all of the property located within the TIF District; however, the City does not anticipate acquiring any such property at this time.

Section J Specific Development Expected to Occur Within the TIF District

The proposed project includes the development of a 400,000 square foot research and development facility (the "R&D Facility") within the Project Area. The development will also include corresponding site work, infrastructure, and parking improvements associated with R&D Facility.

The City anticipates using tax increment to reimburse 3M for a portion of the TIF eligible project costs occurred in the development of the R&D Facility. Included in the projected eligible costs to be reimbursed are costs associated with demolition of existing buildings, relocation of employees within buildings, site work, footings & foundations, private utility improvements, and other eligible improvements associated with the facility. Additionally, the City anticipates using tax increment to finance public improvements and site work on property located within the Project Area, along with related administrative expenses.

Construction of the R&D Facility is expected to begin in 2013, and be completed by 2015. The R&D Facility is projected to be 100% assessed and on the tax rolls as of January 2, 2016 for taxes payable in 2017.

At the time this document was prepared there were no signed construction contracts with regards to the above described development.

Under the Special Law the expenditures outside district rule under Minnesota Statutes, section 469.1763, subdivision 2, does not apply; and tax increments can only be spent within the Project Area. Therefore costs eligible for TIF reimbursement may be incurred outside of the TIF District, but must be within the boundaries of the Project Area.

Section K Findings and Need for Tax Increment Financing

In establishing the TIF District, the City makes the following findings:

- (1) The TIF District qualifies as a redevelopment district;

See Section F of this document for the reasons and facts supporting this finding.

- (2) The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the TIF Plan.

Factual basis:

Proposed development not expected to occur:

The development includes the construction of the R&D Facility. A key component to the development is the reimbursement of eligible expenses through tax increments. The company has indicated they would not undertake the proposed development without the financial assistance. Without the assistance the City has no reason to expect that significant reinvestment in the campus would occur without assistance similar to that provided in this plan. Therefore the City has no reason to believe the development would occur but-for the use of tax increment assistance.

To summarize the basis for the City's findings regarding alternative market value, in accordance with Minnesota Statutes, Section 469.175, Subd. 3(d), the City makes the following determinations:

- a. The City's estimate of the amount by which the market value of the site will increase without the use of tax increment financing is anywhere from \$0 (except for a small amount for annual appreciation of land value)

b. If the proposed development to be assisted with tax increment occurs in the District, the total increase in market value would be approximately \$24,720,000, including the value of the building (See Exhibit II). Prior to the inclusion of a 2% market value inflator starting in 2014.

c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$11,794,711 (See Exhibit V)

d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$12,925,289 (the amount in clause b less the amount in clause c) without tax increment assistance.

- (3) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for development of the Project Area by private enterprise.

Factual basis: The anticipated development of the project site is to include the construction of the R&D Facility. The Development will result in the retention of up to 700 high-paying jobs within the City. The development clearly meets the economic development goals of the City.

- (4) The TIF Plan conforms to general plans for development of the City as a whole.

Factual basis: The City Planning Commission has determined that the development proposed in the TIF Plan conforms to the City comprehensive plan.

- (5) The City does not elect the method of tax increment computation set forth in Minnesota Statutes, Section 469.177, Subdivision 3(b); therefore subdivision 3(a) shall apply which indicates the original net tax capacity and the current net tax capacity shall be determined before the application of the fiscal disparity provisions (see method (a) in Section P).

Section L Estimated Public Costs

The estimated public costs of the TIF District are listed below. Such costs are eligible for reimbursement from tax increments of the TIF District.

Private TIF eligible improvements, including demolition, relocation, site improvements/preparation costs, related infrastructure and other eligible improvements	\$9,568,000
Bond/Note Interest Payments	10,102,178
Public site work/infrastructure costs and Administrative expenses	4,921,518
Other Expenditures	0
Total	\$24,591,696

The City reserves the right to administratively adjust the amount of any of the items listed above or to incorporate additional eligible items, so long as the total estimated public cost is not increased. The City reserves the right to spend available tax increment outside of the TIF District boundaries but within the Project Area.

Section M Estimated Sources of Revenue

Tax Increment revenue	\$24,591,696
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Interest on invested funds	0
Bond proceeds	0
Loan proceeds	0
Grants	0
Other	0
Total	\$24,591,696

The City anticipates using future tax increments for reimbursement of public costs incurred from Section L. As increments are collected from the TIF District in future years, these tax increments will be reserved by the City as reimbursement for public costs incurred (primarily site work/infrastructure costs), either through internal funding or general obligation or revenue debt. The City also anticipates providing financial assistance to the proposed development through the use of pay-as-you-go financing. With pay-as-you-go financing, as tax increments are collected from the TIF District in future years, a portion of these tax increments will be distributed to the company as reimbursement for eligible costs incurred related to the development of the R&D Facility.

The City reserves the right to finance any or all public costs of the TIF District using pay-as-you-go assistance, internal funding, general obligation or revenue debt, or any other financing mechanism authorized by law. The City also reserves the right to use other sources of revenue legally applicable to the Project Area to pay for such costs including, but not limited to, special assessments, utility revenues, federal or state funds, and investment income.

Section N Estimated Amount of Bonded Indebtedness

The City may consider issuing tax increment bonds to finance all or a portion of the estimated public costs, and reserves the right to issue such bonds in an amount not to exceed \$18,836,373 (\$14,489,518 + 30% contingency).

Section O Original Net Tax Capacity

The County Auditor shall certify the original net tax capacity of the TIF District. This value will be equal to the total net tax capacity of all property in the TIF District as certified by the State Commissioner of Revenue. For districts certified between January 1 and June 30, inclusive, this value is based on the previous assessment year. For districts certified between July 1 and December 31, inclusive, this value is based on the current assessment year.

The parcel to be located within the TIF District is an approximately 25.84 acre area of land which is currently part of a larger 411 acre parcel. As a result the Estimated Market Value for the land within the TIF District as of January 2, 2013 for taxes payable in 2014, is not yet known. However, for purposes of the revenue projections in this TIF Plan, the City has assumed a pro-rata share of the land market value of the 411 acre parcel will be applied to the newly created parcel within the TIF District. Therefore the assumed original net tax capacity of the TIF District is \$676,472. This assumes the property remains classified commercial/industrial.

Each year the County Auditor shall certify the amount that the original net tax capacity has increased or decreased as a result of:

- (1) changes in the tax-exempt status of property;
- (2) reductions or enlargements of the geographic area of the TIF District;
- (3) changes due to stipulation agreements or abatements; or
- (4) changes in property classification rates.

Section P Original Local Tax Rate

The County Auditor shall also certify the original local tax rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for the same taxes payable year as the original net tax capacity.

In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the original local tax rate of the TIF District.

At the time this document was prepared, the sum of the local tax rates that apply to property in the TIF District, for taxes levied in 2013 and payable in 2014, was not yet available. When this total becomes available, the County Auditor shall certify this amount as the original tax capacity rate of the TIF District. For purposes of estimating the tax increment generated by the TIF District, the sum of the local tax rates for taxes levied in 2012 and payable in 2013, is 157.971% as shown below.

<u>Taxing Jurisdiction</u>	<u>2012/2013 Local Tax Rate</u>
City of Maplewood	48.659%
Ramsey County	65.240%
ISD # 622	32.520%
Other	11.520%
Total	157.971%

Section Q Projected Retained Captured Net Tax Capacity and Projected Tax Increment

The City anticipates that development will be initiated in 2013, creating a total tax capacity for the TIF District No. 1-12 of \$796,478 as of January 2, 2014. The captured tax capacity as of that date is estimated to be \$120,000 and the first-year of tax increment is estimated to be \$189,565 payable in 2015. The first full year of increment is projected to be in \$792,458 in taxes payable 2017. A complete schedule of estimated tax increment from the TIF District is shown in Exhibit IV.

The estimates shown in this TIF Plan assume that commercial class rates remain at 1.5% for the first \$150,000 of estimated market value and 2.0% of the market value above \$150,000. The projections also assume a 2% annual increase in market values.

Each year the County Auditor shall determine the current net tax capacity of all property in the TIF District. To the extent that this total exceeds the original net tax capacity, the difference shall be known as the captured net tax capacity of the TIF District.

For communities affected by the fiscal disparity provisions of Minnesota Statutes, Chapter 473F and Chapter 276A, the original net tax capacity of the TIF District shall be determined before the application of fiscal disparity. In subsequent years, the current net tax capacity shall either (a) be determined before the application of fiscal disparity or (b) exclude the product of any fiscal disparity increase in the TIF District (since the original net tax capacity was certified) times the appropriate fiscal disparity ratio. The method the City elects shall remain the same for the life of the TIF District, except that a single change may be made at any time from method (a) to method (b) above. »The City elects method (a), or M.S. Section 469.177, Subdivision 3(a).

The County Auditor shall certify to the City the amount of captured net tax capacity each year. The City may choose to retain any or all of this amount. It is the City's intention to retain 100% of the captured net tax capacity of the TIF District. Such amount shall be known as the retained captured net tax capacity of the TIF District.

Exhibit III gives a listing of the various information and assumptions used in preparing a number of the exhibits contained in this TIF Plan, including Exhibit IV which shows the projected tax increment generated over the anticipated life of the TIF District.

Section R Use of Tax Increment

Each year the County Treasurer shall deduct 0.36% of the annual tax increment generated by the TIF District and pay such amount to the State's General Fund. Such amounts will be appropriated to the State Auditor for the cost of financial reporting and auditing of tax increment financing information throughout the state. Exhibit IV shows the projected deduction for this purpose over the anticipated life of the TIF District.

The City has determined that it will use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

- (1) pay for the estimated public costs of the TIF District (see Section K) and County administrative costs associated with the TIF District (see Section T);
- (2) pay principal and interest on tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (3) accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (4) pay all or a portion of the county road costs as may be required by the County Board under M.S. Section 469.175, Subdivision 1a; or
- (5) return excess tax increments to the County Auditor for redistribution to the City, County and School District.

Tax increments from property located in one county must be expended for the direct and primary benefit of a project located within that county, unless both county boards involved waive this requirement. Tax increments shall not be used to circumvent levy limitations applicable to the City.

Tax increment shall not be used to finance the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the State or federal government, or for a commons area used as a public park, or a facility used for social, recreational, or conference purposes. This prohibition does not apply to the construction or renovation of a parking structure or of a privately owned facility for conference purposes.

If there exists any type of agreement or arrangement providing for the developer, or other beneficiary of assistance, to repay all or a portion of the assistance that was paid or financed with tax increments, such payments shall be subject to all of the restrictions imposed on the use of tax increments. Assistance includes sale of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that would otherwise be paid for by the developer or beneficiary.

Section S Excess Tax Increment

In any year in which the tax increments from the TIF District exceed the amount necessary to pay the estimated public costs authorized by the TIF Plan, the City shall use the excess tax increments to:

- (1) prepay any outstanding tax increment bonds;

- (2) discharge the pledge of tax increments thereof;
- (3) pay amounts into an escrow account dedicated to the payment of the tax increment bonds; or
- (4) return excess tax increments to the County Auditor for redistribution to the City, County and School District. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

Section T Tax Increment Pooling and the Ten Year Rule

Under the Special Law the expenditures outside district rule under Minnesota Statutes, Section 469.1763 subdivision 2, does not apply; the five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years; and expenditures must only be made within the Project Area.

Up to 10% of the tax increments may be spent on costs for eligible administrative expenses.

Tax increments are considered to have been spent within the TIF District or project area if such amounts are:

- (1) actually paid to a third party for activities performed within the TIF District within ten years after certification of the district;
- (2) used to pay bonds that were issued and sold to a third party, the proceeds of which are reasonably expected on the date of issuance to be spent within the later of the ten-year period or a reasonable temporary period or are deposited in a reasonably required reserve or replacement fund.
- (3) used to make payments or reimbursements to a third party under binding contracts for activities performed within the TIF District, which were entered into within ten years after certification of the district; or
- (4) used to reimburse a party for payment of eligible costs (including interest) incurred within ten years from certification of the district.

Beginning with the eleventh year following certification of the TIF District, at least 90% of the tax increments must be used to pay outstanding bonds or make contractual payments obligated within the first ten years. When outstanding bonds have been defeased and sufficient money has been set aside to pay for such contractual obligations, the TIF District must be decertified.

Section U Limitation on Administrative Expenses

Administrative expenses are defined as all costs of the City other than:

- (1) amounts paid for the purchase of land;
- (2) amounts paid for materials and services, including architectural and engineering services directly connected with the physical development of the real property in the project;
- (3) relocation benefits paid to, or services provided for, persons residing or businesses located in the project;
- (4) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to section 469.178; or

- (5) amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clause (1) to (3).

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the County in administering the TIF District. Tax increments may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total tax increment expenditures authorized by the TIF Plan or (b) 10% of the total tax increments received by the TIF District.

Section V Limitation on Property Not Subject to Improvements - One Year Rule

Under the Special Law if after one year from the date of certification of the original net tax capacity of the tax increment district, no demolition, rehabilitation, or renovation of property has been commenced on a parcel located within the TIF District, no additional tax increment may be taken from that parcel, and the original net tax capacity of the parcel shall be excluded from the original net tax capacity of the TIF District. If 3M subsequently commences demolition, rehabilitation, or renovation, the City shall certify to the County Auditor that the activity has commenced, and the county auditor shall certify the net tax capacity thereof as most recently certified by the Commissioner of Revenue and add it to the original net tax capacity of the TIF District. The City must submit to the County Auditor evidence that the required activity has taken place for each parcel in the TIF District.

Section W Estimated Impact on Other Taxing Jurisdictions

Exhibit V shows the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The City believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

The fiscal and economic implications of the proposed tax increment financing district, as pursuant to Minnesota Statutes, Section 469.175, Subdivision 2, are listed below.

1. The total amount of tax increment that will be generated over the life of the TIF District is estimated to be \$24,680,546.
2. To the extent the project in the TIF District generates any public cost impacts on City-provided services such as police and fire protection, public infrastructure, and the impact of any general obligation tax increment bonds attributable to the TIF District upon the ability to issue other debt for general fund purposes, such costs will be levied upon the taxable net tax capacity of the City, excluding that portion captured by the TIF District.
3. The amount of tax increments over the life of the TIF District that would be attributable to School District levies, assuming the School District's share of the total local tax rate for all taxing jurisdictions remained the same, is estimated to be \$5,085,751.
4. The amount of tax increments over the life of the TIF District that would be attributable to County levies, assuming the County's share of the total local tax rate for all taxing jurisdictions remained the same is estimated to be \$10,192,750.
5. No additional information has been requested by the County or School District that would enable it to determine additional costs that will accrue to it due to the development proposed for the district.

Section X Prior Planned Improvements

The City shall accompany its request for certification to the County Auditor (or notice of district enlargement), with a listing of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan. The County Auditor shall increase the original net tax capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District.

Section Y Development Agreements

If within a project containing a redevelopment district, more than 25% of the acreage of the property to be acquired by the City is purchased with tax increment bonds proceeds (to which tax increment from the property is pledged), then prior to such acquisition, the City must enter into an agreement for the development of the property. Such agreement must provide recourse for the City should the development not be completed.

The City anticipates entering into an agreement for development, but does not anticipate acquiring property located within the TIF District.

Section Z Assessment Agreements

The City may, upon entering into a development agreement, also enter into an assessment agreement with the developer, which establishes a minimum market value of the land and improvements for each year during the life of the TIF District.

The assessment agreement shall be presented to the County or City Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land, and so long as the minimum market value contained in the assessment agreement appears to be an accurate estimate, shall certify the assessment agreement as reasonable. The assessment agreement shall be filed for record in the office of the County Recorder of each county where the property is located. Any modification or premature termination of this agreement must first be approved by the City, County and School District.

The City does not anticipate entering into an assessment agreement, however it reserves the right to enter into an assessment agreement for individual projects.

Section AA Modifications of the Tax Increment Financing Plan

Any reduction or enlargement in the geographic area of the Development District or the TIF District; a determination to capitalize interest on the debt if that determination was not part of the original TIF Plan, increase in the portion of the captured net tax capacity to be retained by the City; increase in the total estimated public costs; or designation of property to be acquired by the City shall be approved only after satisfying all the necessary requirements for approval of the original TIF Plan. This paragraph does not apply if:

- (1) the only modification is elimination of parcels from the TIF District; and
- (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's original net tax capacity, or the City agrees that the TIF District's original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

Section AB Administration of the Tax Increment Financing Plan

Upon adoption of the TIF Plan, the City shall submit a copy of such plan to the Minnesota Department of Revenue and the Office of the State Auditor. The City shall also request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the City shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements. The City shall also send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District, and shall request that the County Assessor review and certify this assessment agreement as reasonable.

The County shall distribute to the City the amount of tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the retained captured net tax capacity of the TIF District. The amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas. In administering and implementing the TIF Plan, the following actions should occur on an annual basis:

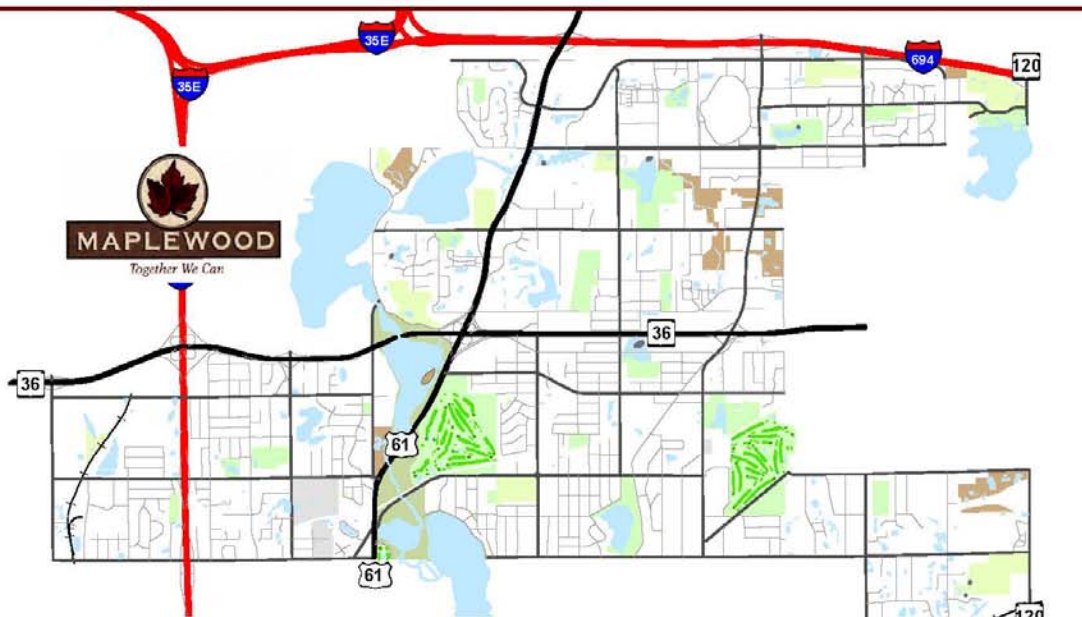
- (1) prior to July 1, the City shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to insure that the new value will be recorded in a timely manner.
- (2) if the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.
- (3) each year the County Auditor shall certify the amount of the original net tax capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:
 - (a) the value of property that changes from tax-exempt to taxable shall be added to the original net tax capacity of the TIF District. The reverse shall also apply;
 - (b) the original net tax capacity may be modified by any approved enlargement or reduction of the TIF District;
 - (c) if laws governing the classification of real property cause changes to the percentage of estimated market value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the original net tax capacity and the retained captured net tax capacity of the TIF District.

The County Auditor shall notify the City of all changes made to the original net tax capacity of the TIF District.

Section AC Filing TIF Plan, Financial Reporting and Disclosure Requirements

The City will file the TIF Plan, and any subsequent amendments thereto, with the Commissioner of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes, Section 469.175, subdivision 4A. The City will comply with all reporting requirements for the TIF District under Minnesota Statutes, Section 469.175, subdivisions 5 and 6.

MAP OF TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 1-12
Within Development District No. 1

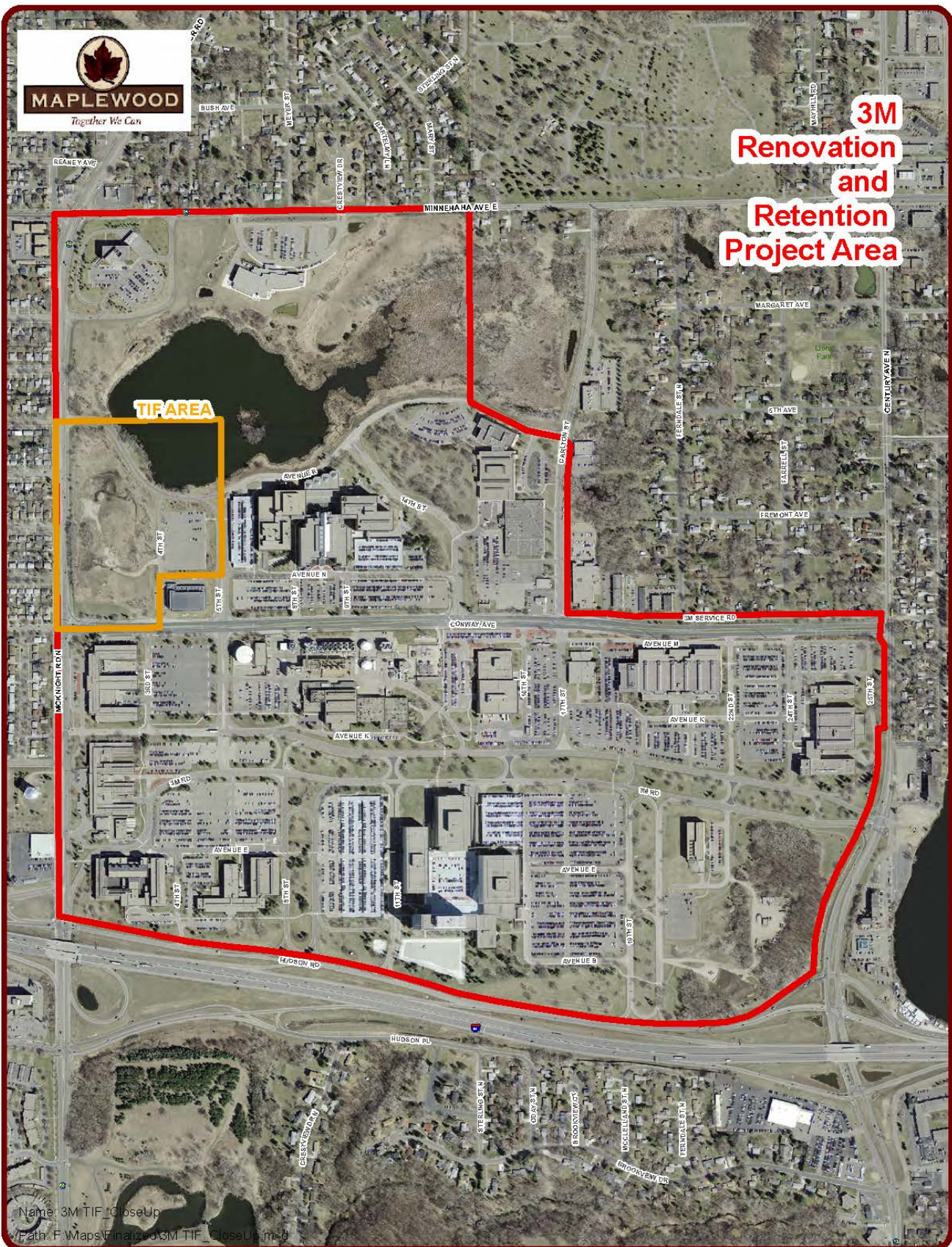


3M Renovation and
Retention Project Area



Name: 3M TIF

Path: C:\GIS\Economic Development\3M TIF.mxd



Assumptions Report

**City of Maplewood, Minnesota
Tax Increment Financing (Redevelopment) District No. 1-12
Proposed 3M Redevelopment Project
R&D Facility**

Type of Tax Increment Financing District	Redevelopment
Maximum Duration of TIF District	25 years from 1st increment

Projected Certification Request Date	07/23/13
Decertification Date	12/31/39 (26 Years of Increment)

	<u>2012/2013</u>
Base Estimated Market Value	\$16,911,792

Original Net Tax Capacity	\$676,472
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	Assessment/Collection Year			
	2012/2013	2013/2014	2014/2015	2015/2016
Base Estimated Market Value	\$16,911,792	\$16,911,792	\$16,911,792	\$16,911,792
Estimated Increase in Value - New Construction	0	5,135,000	10,270,000	10,270,000
Total Estimated Market Value	16,911,792	22,046,792	27,181,792	27,181,792
Total Net Tax Capacity	\$676,472	\$740,659	\$804,847	\$804,847

City of Maplewood	48.659%
Ramsey County	65.240%
ISD #622	32.552%
Other	11.520%

Local Tax Capacity Rate	157.971%	2012/2013
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Fiscal Disparities Contribution From TIF District	0.0000%
Administrative & Pooling Retainage Percent	20.00%

<u>Bonds</u>		<u>Note (Pay-As-You-Go)</u>
Bonds Dated	NA	Note Dated 06/30/13
Bond Rate	NA	Note Rate 5.00%
Bond Amount	NA	Note Amount \$9,568,000

Present Value Date & Rate	12/01/13	5.00%	PV Amount	\$9,518,467
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Notes

Projections assume no future changes to classification rates and current tax rates remain constant, and a 2% market value inflator.

Projections are based on EMV growth of \$24.72M. Constructed between 2013-2015.

Projected Tax Increment Report

City of Maplewood, Minnesota
Tax Increment Financing (Redevelopment) District No. 1-12
Proposed 3M Redevelopment Project
R&D Facility

Annual Period Ending (1)	Total Market Value (2)	Total Net Tax Capacity (3)	Less: Original Net Tax Capacity (4)	Less: Fiscal Disp. @ 0.0000% (5)	Retained Captured Net Tax Capacity (5)	Times: Tax Capacity Rate (6)	Annual Gross Tax Increment (9)	Less: State Aud. Deduction 0.360% (10)	Subtotal Net Tax Increment (11)	Total City Pooling Retainage 20.00% (12)	Annual Net Revenue 80% (13)
12/31/15	6,000,000	796,472	676,472	0	120,000	157.971%	189,565	682	188,883	37,777	151,106
12/31/16	12,120,000	918,872	676,472	0	242,400	157.971%	382,922	1,379	381,543	76,309	305,234
12/31/17	25,082,400	1,178,120	676,472	0	501,648	157.971%	792,458	2,853	789,605	157,921	631,684
12/31/18	25,584,048	1,188,153	676,472	0	511,681	157.971%	808,308	2,910	805,398	161,080	644,318
12/31/19	26,095,729	1,198,386	676,472	0	521,915	157.971%	824,474	2,968	821,506	164,301	657,205
12/31/20	26,617,644	1,208,825	676,472	0	532,353	157.971%	840,963	3,027	837,936	167,587	670,349
12/31/21	27,149,996	1,219,472	676,472	0	543,000	157.971%	857,782	3,088	854,694	170,939	683,755
12/31/22	27,692,996	1,230,332	676,472	0	553,860	157.971%	874,938	3,150	871,788	174,358	697,430
12/31/23	28,246,856	1,241,409	676,472	0	564,937	157.971%	892,437	3,213	889,224	177,845	711,379
12/31/24	28,811,793	1,252,708	676,472	0	576,236	157.971%	910,286	3,277	907,009	181,402	725,607
12/31/25	29,388,029	1,264,232	676,472	0	587,761	157.971%	928,491	3,343	925,148	185,030	740,118
12/31/26	29,975,790	1,275,987	676,472	0	599,516	157.971%	947,061	3,409	943,652	188,730	754,922
12/31/27	30,575,306	1,287,978	676,472	0	611,506	157.971%	966,002	3,478	962,524	192,505	770,019
12/31/28	31,186,812	1,300,208	676,472	0	623,736	157.971%	985,322	3,547	981,775	196,355	785,420
12/31/29	31,810,548	1,312,683	676,472	0	636,211	157.971%	1,005,029	3,618	1,001,411	200,282	801,129
12/31/30	32,446,759	1,325,407	676,472	0	648,935	157.971%	1,025,129	3,690	1,021,439	204,288	817,151
12/31/31	33,095,694	1,338,386	676,472	0	661,914	157.971%	1,045,632	3,764	1,041,868	208,374	833,494
12/31/32	33,757,608	1,351,624	676,472	0	675,152	157.971%	1,066,545	3,840	1,062,705	212,541	850,164
12/31/33	34,432,760	1,365,127	676,472	0	688,655	157.971%	1,087,876	3,916	1,083,960	216,792	867,168
12/31/34	35,121,415	1,378,900	676,472	0	702,428	157.971%	1,109,633	3,995	1,105,638	221,128	884,510
12/31/35	35,823,844	1,392,949	676,472	0	716,477	157.971%	1,131,826	4,075	1,127,751	225,550	902,201
12/31/36	36,540,321	1,407,278	676,472	0	730,806	157.971%	1,154,462	4,156	1,150,306	230,061	920,245
12/31/37	37,271,127	1,421,894	676,472	0	745,423	157.971%	1,177,551	4,239	1,173,312	234,662	938,650
12/31/38	38,016,550	1,436,803	676,472	0	760,331	157.971%	1,201,102	4,324	1,196,778	239,356	957,422
12/31/39	38,776,880	1,452,009	676,472	0	775,538	157.971%	1,225,125	4,410	1,220,715	244,143	976,572
12/31/40	39,552,418	1,467,520	676,472	0	791,048	157.971%	1,249,627	4,499	1,245,128	249,026	996,102
							\$24,680,546	\$88,850	\$24,591,696	\$4,918,342	\$19,673,354
									NPV:	\$2,379,619	

Estimated Impact on Other Taxing Jurisdictions Report
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City of Maplewood, Minnesota
Tax Increment Financing (Redevelopment) District No. 1-12
Proposed 3M Redevelopment Project
R&D Facility

Taxing Jurisdiction	Without Project or TIF District		With Project and TIF District					
	Final 2012/2013 Taxable Net Tax Capacity (1)	2012/2013 Local Tax Rate	2012/2013 Taxable Net Tax Capacity (1)	Projected Retained Captured Net Tax Capacity +	New Taxable Net Tax Capacity =	Hypothetical Adjusted Local Tax Rate (*)	Hypothetical Decrease In Local Tax Rate (*)	Hypothetical Tax Generated by Retained Captured N.T.C. (*)
City of Maplewood	31,936,556	48.659%	31,936,556	\$791,048	32,727,604	47.483%	1.176%	375,613
Ramsey County	367,782,031	65.240%	367,782,031	791,048	368,573,079	65.100%	0.140%	514,972
ISD #622	62,433,416	32.552%	62,433,416	791,048	63,224,464	32.145%	0.407%	254,280
Other (2)	---	11.520%	---	791,048	---	11.520%	---	---
Totals		157.971%				156.248%	1.723%	

* **Statement 1:** If the projected Retained Captured Net Tax Capacity of the TIF District was hypothetically available to each of the taxing jurisdictions above, the result would be a lower local tax rate (see Hypothetical Adjusted Tax Rate above) which would produce the same amount of taxes for each taxing jurisdiction. In such a case, the total local tax rate would decrease by 1.723% (see Hypothetical Decrease in Local Tax Rate above). The hypothetical tax that the Retained Captured Net Tax Capacity of the TIF District would generate is also shown above.

Statement 2: Since the projected Retained Captured Net Tax Capacity of the TIF District is not available to the taxing jurisdictions, then there is no impact on taxes levied or local tax rates.

(1) Taxable net tax capacity = total net tax capacity - captured TIF - fiscal disparity contribution, if applicable.

(2) The impact on these taxing jurisdictions is negligible since they represent only 7.29% of the total tax rate.

Market Value Analysis Report

City of Maplewood, Minnesota
Tax Increment Financing (Redevelopment) District No. 1-12
Proposed 3M Redevelopment Project
R&D Facility

Assumptions

Present Value Date	06/30/13
P.V. Rate - Gross T.I.	5.00%

Increase in EMV With TIF District	\$24,720,000
Less: P.V of Gross Tax Increment	11,794,711
Subtotal	\$12,925,289
Less: Increase in EMV Without TIF	0
Difference	\$12,925,289

	Year	Annual Gross Tax Increment	Present Value @ 5.00%
1	2015	189,565	169,834
2	2016	382,922	326,728
3	2017	792,458	643,966
4	2018	808,308	625,568
5	2019	824,474	607,694
6	2020	840,963	590,331
7	2021	857,782	573,464
8	2022	874,938	557,080
9	2023	892,437	541,163
10	2024	910,286	525,702
11	2025	928,491	510,681
12	2026	947,061	496,090
13	2027	966,002	481,916
14	2028	985,322	468,147
15	2029	1,005,029	454,772
16	2030	1,025,129	441,778
17	2031	1,045,632	429,156
18	2032	1,066,545	416,895
19	2033	1,087,876	404,983
20	2034	1,109,633	393,412
21	2035	1,131,826	382,172
22	2036	1,154,462	371,253
23	2037	1,177,551	360,645
24	2038	1,201,102	350,341
25	2039	1,225,125	340,332
26	2040	1,249,627	330,608
		\$24,680,546	\$11,794,711

Projected Pay-As-You-Go Note Report
City of Maplewood, Minnesota
Tax Increment Financing (Redevelopment) District No. 1-12
Proposed 3M Redevelopment Project
R&D Facility

Note Date: 06/30/13
Note Rate: 5.00%
Amount: \$9,568,000

Date (1)	Principal (2)	Interest (3)	P & I (4)	Cumulative Interest Due (5)	Unpaid Accrued Interest (6)	Semi-Annual Net Revenue (7)	Loan Balance Outstanding (8)
							9,568,000.00
08/01/13	0.00	0.00	0.00	41,195.56	41,195.56	0.00	9,568,000.00
02/01/14	0.00	0.00	0.00	280,395.56	280,395.56	0.00	9,568,000.00
08/01/14	0.00	0.00	0.00	519,595.56	519,595.56	0.00	9,568,000.00
02/01/15	0.00	0.00	0.00	758,795.56	758,795.56	0.00	9,568,000.00
08/01/15	0.00	75,553.00	75,553.00	997,995.56	922,442.56	75,553.00	9,568,000.00
02/01/16	0.00	75,553.00	75,553.00	1,161,642.56	1,086,089.56	75,553.00	9,568,000.00
08/01/16	0.00	152,617.00	152,617.00	1,325,289.56	1,172,672.56	152,617.00	9,568,000.00
02/01/17	0.00	152,617.00	152,617.00	1,411,872.56	1,259,255.56	152,617.00	9,568,000.00
08/01/17	0.00	315,842.00	315,842.00	1,498,455.56	1,182,613.56	315,842.00	9,568,000.00
02/01/18	0.00	315,842.00	315,842.00	1,421,813.56	1,105,971.56	315,842.00	9,568,000.00
08/01/18	0.00	322,159.00	322,159.00	1,345,171.56	1,023,012.56	322,159.00	9,568,000.00
02/01/19	0.00	322,159.00	322,159.00	1,262,212.56	940,053.56	322,159.00	9,568,000.00
08/01/19	0.00	328,602.50	328,602.50	1,179,253.56	850,651.06	328,602.50	9,568,000.00
02/01/20	0.00	328,602.50	328,602.50	1,089,851.06	761,248.56	328,602.50	9,568,000.00
08/01/20	0.00	335,174.50	335,174.50	1,000,448.56	665,274.06	335,174.50	9,568,000.00
02/01/21	0.00	335,174.50	335,174.50	904,474.06	569,299.56	335,174.50	9,568,000.00
08/01/21	0.00	341,877.50	341,877.50	808,499.56	466,622.06	341,877.50	9,568,000.00
02/01/22	0.00	341,877.50	341,877.50	705,822.06	363,944.56	341,877.50	9,568,000.00
08/01/22	0.00	348,715.00	348,715.00	603,144.56	254,429.56	348,715.00	9,568,000.00
02/01/23	0.00	348,715.00	348,715.00	493,629.56	144,914.56	348,715.00	9,568,000.00
08/01/23	0.00	355,689.50	355,689.50	384,114.56	28,425.06	355,689.50	9,568,000.00
02/01/24	88,064.44	267,625.06	355,689.50	267,625.06	0.00	355,689.50	9,479,935.56
08/01/24	125,805.11	236,998.39	362,803.50	236,998.39	0.00	362,803.50	9,354,130.45
02/01/25	128,950.24	233,853.26	362,803.50	233,853.26	0.00	362,803.50	9,225,180.21
08/01/25	139,429.49	230,629.51	370,059.00	230,629.51	0.00	370,059.00	9,085,750.72
02/01/26	142,915.23	227,143.77	370,059.00	227,143.77	0.00	370,059.00	8,942,835.49
08/01/26	153,890.11	223,570.89	377,461.00	223,570.89	0.00	377,461.00	8,788,945.38
02/01/27	157,737.37	219,723.63	377,461.00	219,723.63	0.00	377,461.00	8,631,208.01
08/01/27	169,229.30	215,780.20	385,009.50	215,780.20	0.00	385,009.50	8,461,978.71
02/01/28	173,460.03	211,549.47	385,009.50	211,549.47	0.00	385,009.50	8,288,518.68
08/01/28	185,497.03	207,212.97	392,710.00	207,212.97	0.00	392,710.00	8,103,021.65
02/01/29	190,134.46	202,575.54	392,710.00	202,575.54	0.00	392,710.00	7,912,887.19
08/01/29	202,742.32	197,822.18	400,564.50	197,822.18	0.00	400,564.50	7,710,144.87
02/01/30	207,810.88	192,753.62	400,564.50	192,753.62	0.00	400,564.50	7,502,333.99
08/01/30	221,017.15	187,558.35	408,575.50	187,558.35	0.00	408,575.50	7,281,316.84
02/01/31	226,542.58	182,032.92	408,575.50	182,032.92	0.00	408,575.50	7,054,774.26
08/01/31	240,377.64	176,369.36	416,747.00	176,369.36	0.00	416,747.00	6,814,396.62
02/01/32	246,387.08	170,359.92	416,747.00	170,359.92	0.00	416,747.00	6,568,009.54
08/01/32	260,881.76	164,200.24	425,082.00	164,200.24	0.00	425,082.00	6,307,127.78
02/01/33	267,403.81	157,678.19	425,082.00	157,678.19	0.00	425,082.00	6,039,723.97
08/01/33	282,590.90	150,993.10	433,584.00	150,993.10	0.00	433,584.00	5,757,133.07
02/01/34	289,655.67	143,928.33	433,584.00	143,928.33	0.00	433,584.00	5,467,477.40
08/01/34	305,568.06	136,686.94	442,255.00	136,686.94	0.00	442,255.00	5,161,909.34
02/01/35	313,207.27	129,047.73	442,255.00	129,047.73	0.00	442,255.00	4,848,702.07
08/01/35	329,882.95	121,217.55	451,100.50	121,217.55	0.00	451,100.50	4,518,819.12
02/01/36	338,130.02	112,970.48	451,100.50	112,970.48	0.00	451,100.50	4,180,689.10
08/01/36	355,605.27	104,517.23	460,122.50	104,517.23	0.00	460,122.50	3,825,083.83
02/01/37	364,495.40	95,627.10	460,122.50	95,627.10	0.00	460,122.50	3,460,588.43
08/01/37	382,810.29	86,514.71	469,325.00	86,514.71	0.00	469,325.00	3,077,778.14
02/01/38	392,380.55	76,944.45	469,325.00	76,944.45	0.00	469,325.00	2,685,397.59
08/01/38	411,576.06	67,134.94	478,711.00	67,134.94	0.00	478,711.00	2,273,821.53
02/01/39	421,865.46	56,845.54	478,711.00	56,845.54	0.00	478,711.00	1,851,956.07
08/01/39	441,987.10	46,298.90	488,286.00	46,298.90	0.00	488,286.00	1,409,968.97
02/01/40	453,036.78	35,249.22	488,286.00	35,249.22	0.00	488,286.00	956,932.19
08/01/40	474,127.70	23,923.30	498,051.00	23,923.30	0.00	498,051.00	482,804.49
02/01/41	482,804.49	12,070.11	494,874.60	12,070.11	0.00	494,874.60	0.00
	\$9,568,000	\$10,102,177.60	\$19,670,177.60	\$24,499,080.36	\$14,396,902.76	\$19,670,177.60	
			Surplus Tax Increment	3,176.40			
			Total Net Revenue	\$19,673,354.00			